

Tobacco Control in the 21st Century

Sustaining Successes Achieving New Ones

Changing the Environment, SeaTac, WA

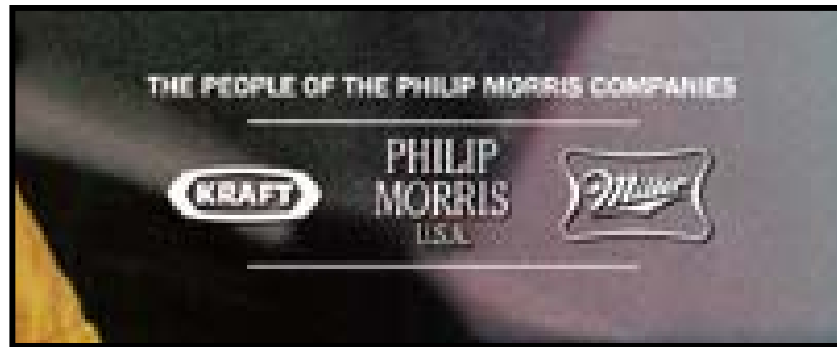
March 24, 2004

WHY DO WE
FIGHT SO HARD?

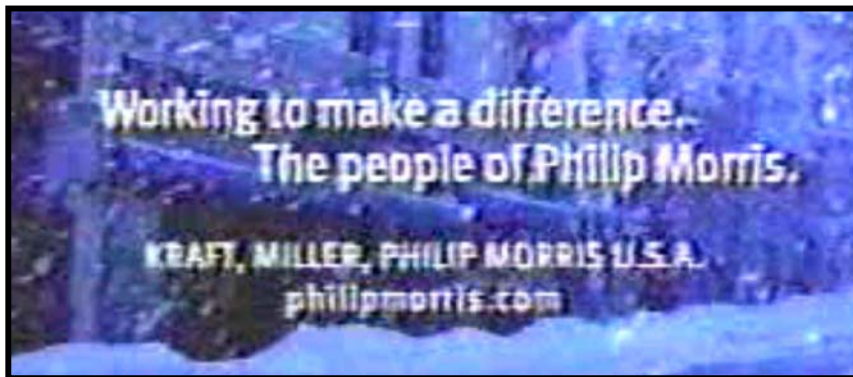
- **Tobacco kills more than 400,000 Americans each year**
- **22.9% of high school students and 22.8% of adults are current smokers**
- **One in 5 women still smoke**
- **32.7% of American Indians/Alaska Natives smoke**

- **Tobacco kills Americans in the prime of life; 28% of Americans who die between the ages of 35 and 69 die from tobacco-related diseases**
- **Nearly 90% of lung cancer cases, 1/3 of total cancer deaths, and 1 in 5 deaths from heart disease are tobacco related**
- **Tobacco costs more than \$75 billion in annual health care costs**
- **Tobacco use costs more than \$82 billion in lost productivity each year**

WE ARE FIGHTING
ONE OF THE
MOST POWERFUL
INDUSTRIES IN
THE WORLD



An Industry That Claims It Has Changed...





Tobacco Executives Swear To Tell Congress the Truth, 1994



**No matter how often
a snake sheds its skin...
It's still a snake.**

Altria is Philip Morris.

Why is Philip Morris changing its name?

After decades of marketing to kids, deceiving the public and manipulating its products, Philip Morris now wants to hide from its past. But it can't hide this: More kids still smoke 'Altria's' Marlboros than all other brands combined. 2,000 kids still get hooked on tobacco every day. 1 in 3 will die prematurely. Philip Morris may be changing its name, but it's not changing its ways.

CAMPAIGN for TOBACCO-FREE Kids

**AMERICAN
LUNG
ASSOCIATION**



New Name. Same Deadly Habits.
www.PhilipMorrisCanHide.org

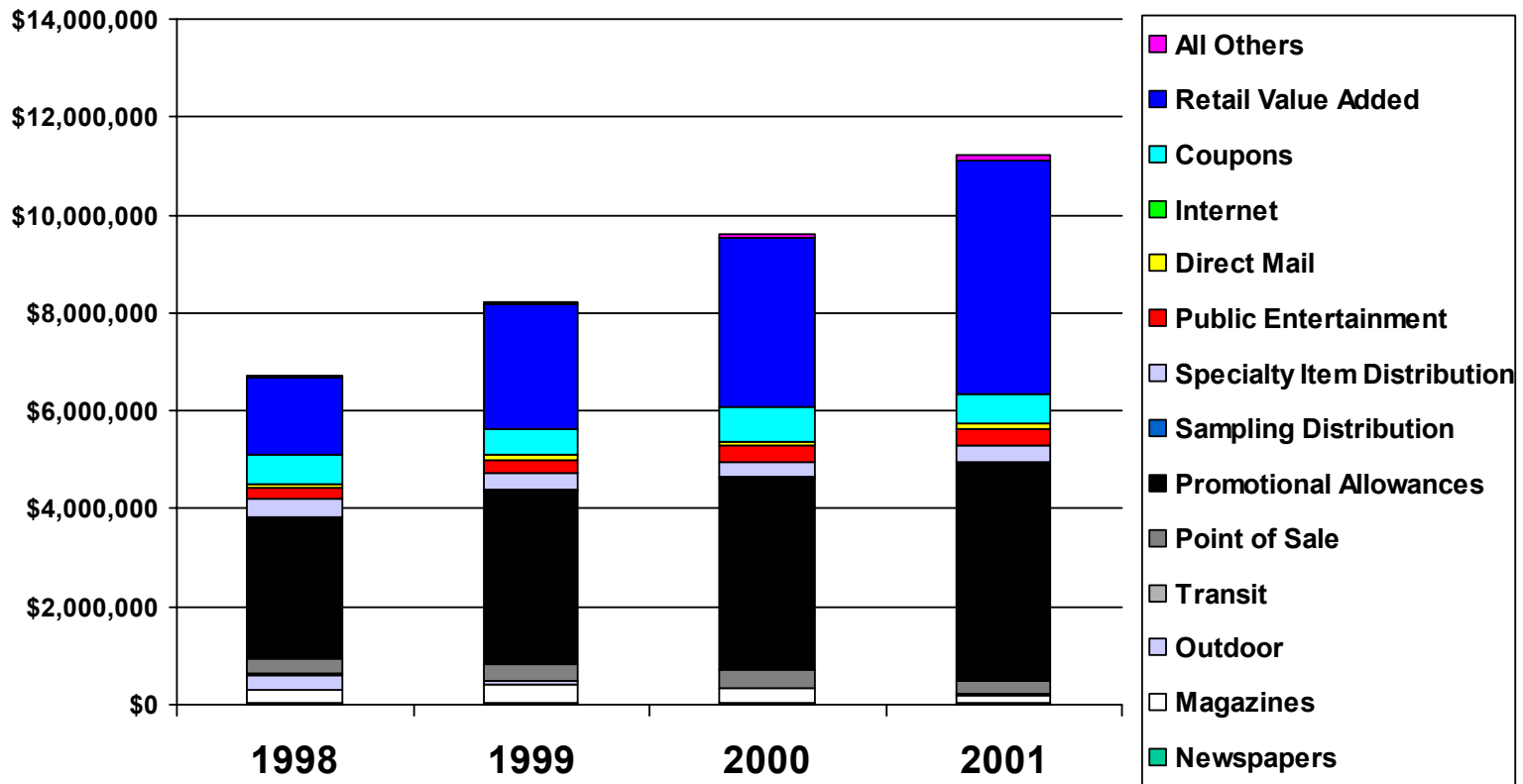
THE TRUTH

- **Still Marketing to Kids**
- **Still Opposing Real Policy Change**
- **Still Attacking Real Tobacco Control Programs and Promoting Phony Ones**
- **Still Lying About Their Products and Introducing New Ones**

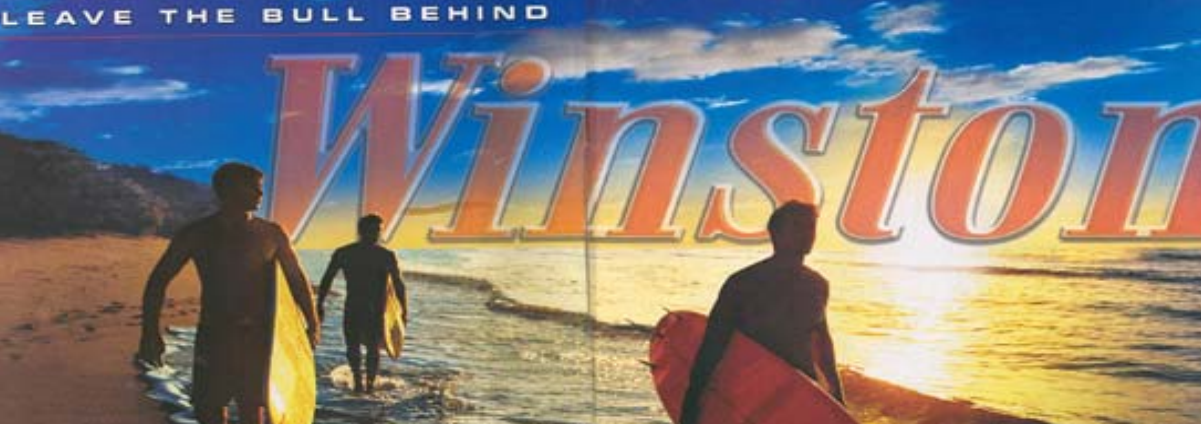
STILL MARKETING TO KIDS

Domestic Cigarette Advertising and Promotional Expenditures 1998 - 2001

(thousands of dollars)



LEAVE THE BULL BEHIND



Winston

LEAVE THE BULL BEHIND



Winston

Hostile takeover

ADDITIVE FREE 
NATURALLY SMOOTH

SURGEON GENERAL'S WARNING: Smoking By Pregnant Women May Result in Fetal Injury, Premature Birth, And Low Birth Weight.

No additives in our tobacco
does **NOT** mean a safer cigarette.

WHERE'S THE CHICKS?

**INTENSE PREMIUM
TOBACCO TASTE**



THE BOLD ONE



CAMEL
PLEASURE
TO
BURN



BEACH BREEZER, MARGARITA MIXER: 11 mg. "tar", 0.9 mg. nicotine av. per cigarette by FTC method. For more product information, visit www.gnt.com.

SURGEON GENERAL'S WARNING: Smoking Causes Lung Cancer, Heart Disease, Emphysema, And May Complicate Pregnancy.

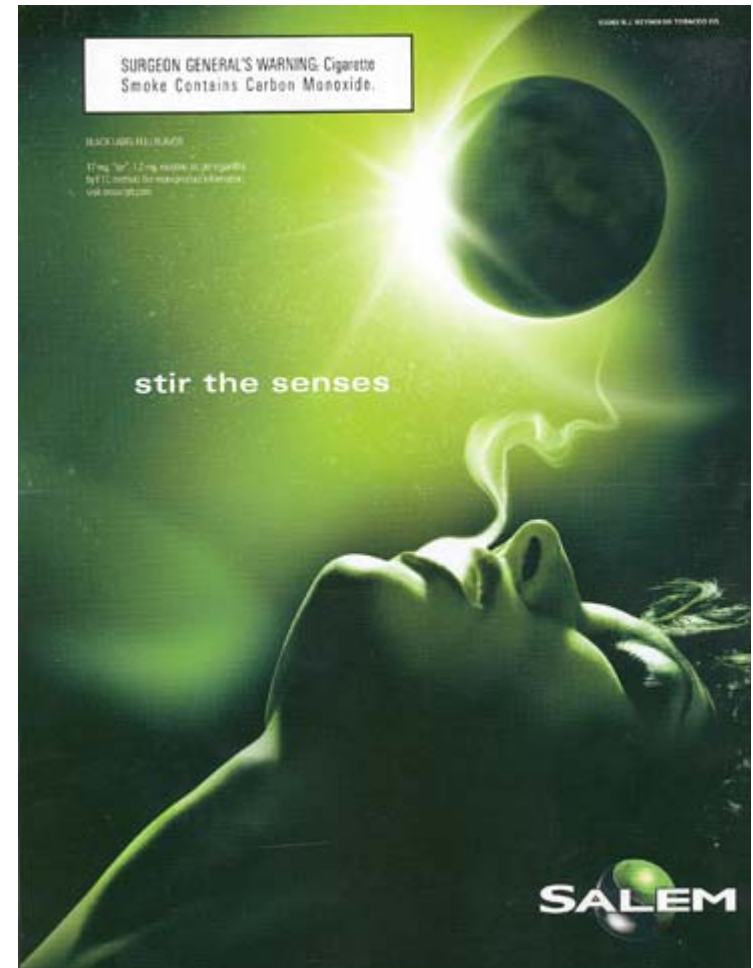
Available for a limited time only.
Calls restricted to smokers 21 years of age or older.

SALEM

Sports Illustrated -- April 7, 2003



Front Cover



Back Cover

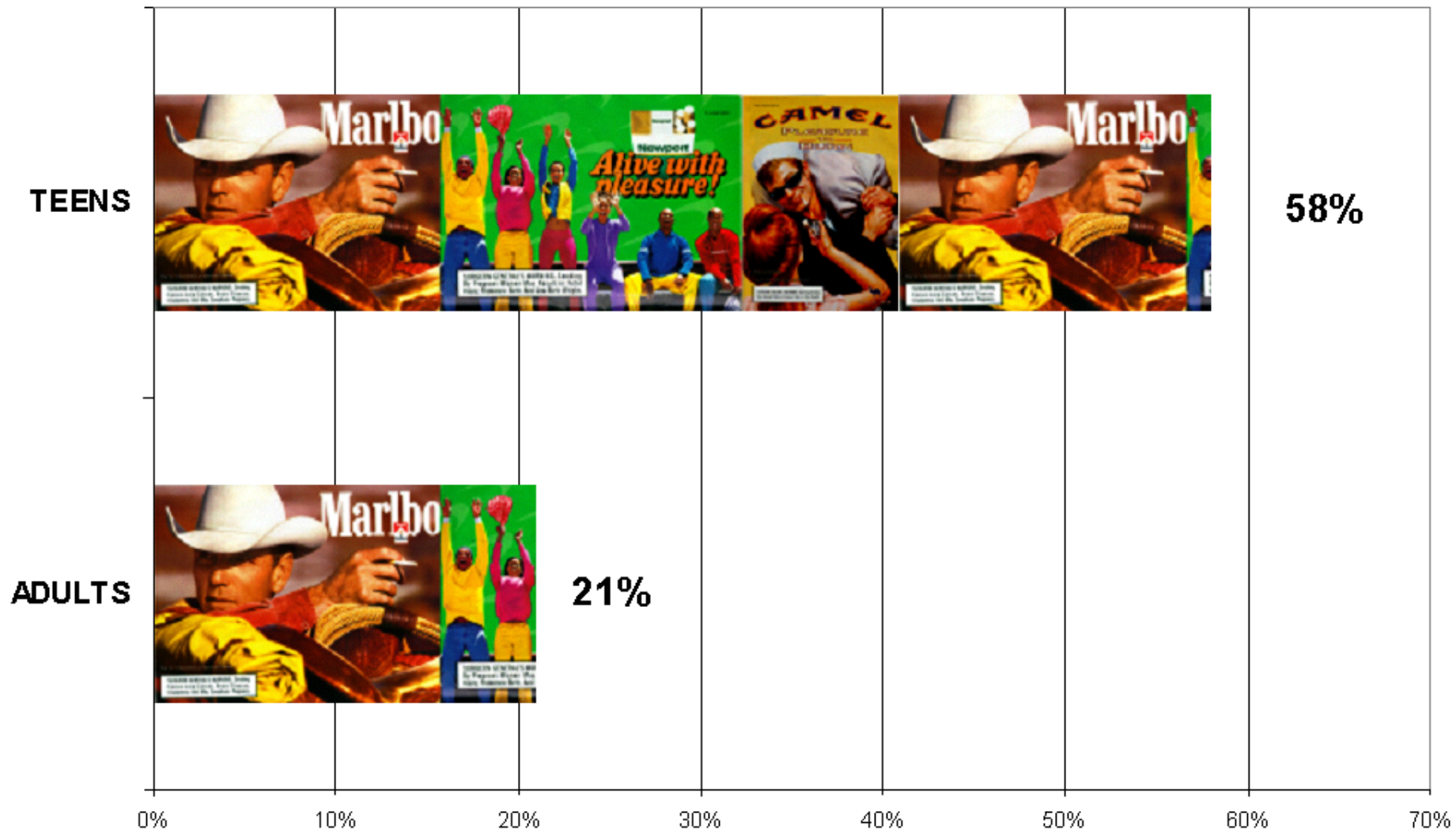
18% Youth Readership -- 3 Million Youth Readers

A DRAMATIC INCREASE FOCUSED ON IN STORE MARKETING

- **In 2001 the tobacco industry spent \$4.45 BILLION on Promotional Allowances in stores to gain prominent, highly visible placement – up over \$1.5 billion since the State Settlement – more than double the amount spent in 1995.**
- **In 2001 the tobacco industry spent \$4.76 BILLION on Retail Value Added (Buy One Get One Free; Gift with Purchase) – nearly five times the amount spent in 1997.**



Have you seen any advertising for cigarettes or spit tobacco
in the last two weeks? ("Yes" responses)



March 2003

Direct Mail Advertising to Women & Girls



**STILL ATTACKING
REAL TOBACCO
PREVENTION
PROGRAMS AND
PROMOTING
PHONY ONES**

The Truth

*Attacking Real Program;
Promoting Phony Ones*

- Suing the California Program
- Promoting Securitization/Opposing Tobacco Prevention
- Suing the American Legacy Foundation
- Threatening Florida and Utah Programs
- Running Phony Prevention Campaigns (e.g. Think; Don't Smoke)

The Truth

Industry's "Youth Prevention" Campaigns:

- Send an inconsistent and ineffective message
- Source is not credible
- Offer no reasons not to smoke
- Position smoking as an adult habit -- makes it actually more appealing to kids
- Legacy and Florida data show them ineffective at best; harmful at worst

Industry Programs -- The Real Goal

In Their Own Words

“...the ultimate means for determining the success of this [youth prevention] program will be: 1) a reduction in legislation introduced and passed restricting or banning our sales and marketing activities...”

-- 1991 Tobacco Institute Memo

STILL
OPPOSING
REAL POLICY
CHANGE

From Philip Morris Presentation

Est. 1995

Introduction



Threats to our business

- Excise tax



- Advertising restrictions

- Smoking restrictions



2501213724

The Truth

Still Actively Opposing Real Policy Change

- Killed FDA Rule in U.S. Supreme Court
- Promote Bad FDA Regulation
- Oppose Local Smokefree Ordinances
- Oppose Excise Tax Initiatives
- Killed MA Ad Limits (Schools,etc.)
- Trying to Kill DOJ Lawsuit

WHEN NYC RAISED CIGARETTE TAXES, WHO KNEW THE *REAL* WINNERS WOULD BE...



The mob, smugglers, and other street criminals are making a fortune selling illegal cigarettes while legitimate small businesses are forced to cut jobs. The Wall Street Journal has reported that cigarette trafficking is exploding in NYC as consumers rebel against exorbitant taxes. In fact, the police recently seized 97,000 packs of counterfeit cigarettes with a street value of \$727,000. But this burgeoning black market is still taking a toll on New York's economy and budget. A new report by The Small Business Survival Committee estimates that 10,000 New Yorkers will lose their jobs and that state revenue could fall by as much as \$217 million, proving what the politicians should have already known:

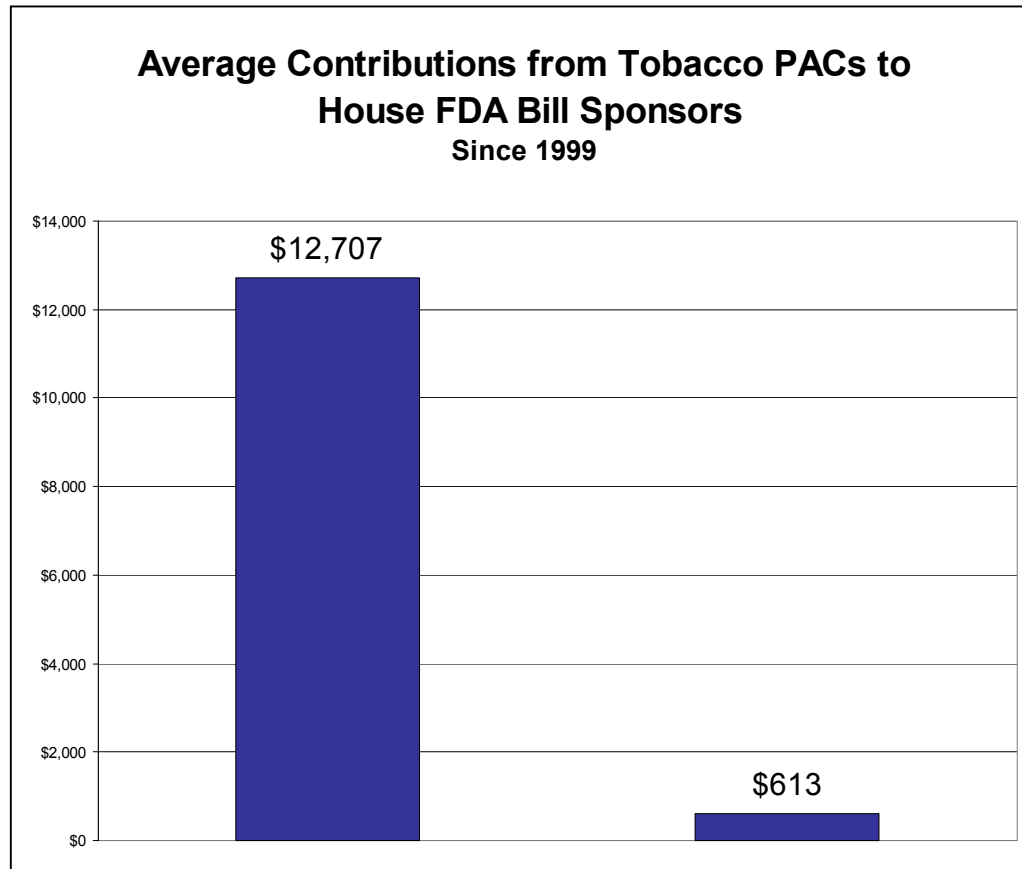
HIGHER CIGARETTE TAXES ENCOURAGE ORGANIZED CRIME.

©2003 Lorillard Tobacco Company

WWW.NOTAXNOCRIME.COM

STILL BUYING
POLITICIANS

Contributions to FDA Co-Sponsors



**Industry FDA Bill
H.R. 2180 (Davis)**

**Public Health Bill
H.R. 1097 -- GDW**

**STILL LYING
ABOUT THEIR
PRODUCTS AND
INTRODUCING
NEW ONES**

SPECIAL REPORT

New Products Old Tricks

New "Reduced Risk" Products
Being Marketed to Smokers
as Healthier Alternatives



Tobacco vs. Kids
Where America draws the line.®

The Truth

New Products, Same Old Deception

- Tobacco companies introducing many so-called “reduced risk” products
- Making health claims
- No government agency has the authority to verify tobacco companies health claims
- No evidence that there is reduced risk

What Tobacco Was Doing

“Research staff should lay down guide lines against which alternative products can be chosen in everyday operations. Although there may, on occasions, be conflict between saleability and minimal biological activity, two types of products should be clearly distinguished, viz:

- a) Health-image (health reassurance) cigarette.
- b) A Health-oriented (minimal biological activity) cigarette, to be kept on the market for those consumers choosing it.” S.J. Green
1968

Consider your *Adam's Apple!!**
**Don't Rasp Your Throat
 With Harsh
 Irritants**



"Reach for a
LUCKY instead"

What effect have harsh irritants present in all new tobaccos upon the throat? A famous authority, retained by us to study throat irritation says:

"The smokers above and below the vocal chords and the vocal chords themselves become acutely or chronically sore as a result of the inhalation of irritants in the case of chemists for example."

LUCKY STRIKE'S exclusive "TOASTING" rapidly neutralizes harsh irritants present in tobacco. We sell these expedited irritants features of chemical compounds. They present in your LUCKY STRIKE. So Adam's Apple's dignity is that in your lungs is preserved - it soothes your vocal chords. Do your throat with harsh irritants. Be careful choice of cigarettes. Reach for a LUCKY



Highly Befigured
 NEW YORK, N. Y.
"It's toasted"

**All the
 fuss about
 smoking
 got me
 thinking I'd either
 quit or smoke True.**

**I smoke
 True.**



The low tar, low nicotine cigarette. Think about it.

King Regular: 11 mg. "tar", 0.9 mg. nicotine av. per cigarette. FTC Report April '70.
 100's: 11 mg. "tar", 0.9 mg. nicotine av. per cigarette. FTC Report April '70.

Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.



To 1 out of every 3 cigarette smokers:

**Kent-the one cigarette that can
 show you proof of greater health protection**



Every week, millions see convincing evidence that KENT's "Menthol" filter in the cigarette line that really works - against that smoking problem, yet removing up to 7 times more nicotine and tar than other filter cigarettes.



NEWEST RELEASE!

U.S. GOV'T REPORT



**CARLTON
 IS LOWEST.**



**Box-
 less than
 0.01 mg. tar,
 0.002 mg.
 nicotine.**

Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.

Box: Less than 0.5 mg. "tar", 0.05 mg. nicotine av. per cigarette. FTC Report Dec. '69.



**Considering
 all I'd heard,
 I decided to
 either quit
 or smoke True.
 I smoke True.**



**The low tar, low nicotine cigarette.
 Think about it.**

Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.

King Regular: 11 mg. "tar", 0.9 mg. nicotine av. per cigarette. FTC Report April '70.
 100's: 11 mg. "tar", 0.9 mg. nicotine av. per cigarette. FTC Report April '70.


Lights Intended to Divert Quitters

Low tar cigarettes-- “Provide smokers with a choice and a reason not to quit.”

Brown & Williamson (1979)

“The intent and effect...[of] ... low tar cigarettes...was to derogate from the warning or awareness of the health hazard and to reassure the smoker in his decision to continue smoking.”

Jones, Day, et al. (late 1980s),
Tobacco Industry Legal
Council



All the fuss about smoking got me thinking I'd either quit or smoke True.

I smoke True.

King Regular: 11 mg. "tar", 0.6 mg. nicotine; 100's Menthol: 13 mg. "tar", 0.8 mg. nicotine, av. per cigarette, FTC Report April '75.

Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.

The low tar, low nicotine cigarette. Think about it.

National Cancer Institute Reveals Low-Tar Lie November, 2001

- Study found “light” and “low-tar” cigarettes no less harmful than other brands
- Tobacco industry deliberately marketed low-tar cigarettes to prevent smokers from quitting
- Tobacco companies deliberately developed low-tar products which tested safer by machines but were just as dangerous when actually smoked

Miles v. Philip Morris

Quotes from March 21, 2003

Verdict

- “The evidence at trial demonstrates not only that Marlboro Lights and Cambridge Lights are just as harmful as their regular counterparts, but that these products are actually more harmful and more hazardous than their regular counterparts. The Court finds that Philip Morris was aware of the increased harm from these Light cigarettes based upon their own scientific testing.”
- “....the course of conduct by Philip Morris related to its fraud in this case is outrageous, both because Philip Morris’ motive was evil and the acts showed a reckless disregard for the consumers’ rights.”

What Big Tobacco Knew About Smokers

“Given a cigarette that delivers less nicotine than he desires, the smoker will subconsciously adjust his puff volume and frequency, and smoking frequency, so as to obtain and maintain his per hour and per day requirement for nicotine.....” C. Teague (1972)

What Big Tobacco Knew About Low Tar Cigarettes

“In most cases however, the smoker of a filter cigarette was getting as much or more nicotine and tar as he would have gotten from a regular cigarette. He abandoned the regular cigarette, however, on the ground of reduced risk to health.” (E. Pepples 1976).

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ABU DHABI, UNITED ARAB EMIRATES
DUBAI, UNITED ARAB EMIRATES
HONG KONG
BEIJING, PEOPLE'S REPUBLIC OF CHINA
SHANGHAI, PEOPLE'S REPUBLIC OF CHINA
IN ASSOCIATION WITH BRYAN CAVE,
A MULTINATIONAL PARTNERSHIP,
LONDON, ENGLAND

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KANSAS CITY, MISSOURI
OVERLAND PARK, KANSAS
PHOENIX, ARIZONA
LOS ANGELES, CALIFORNIA
IRVINE, CALIFORNIA
IN ASSOCIATION WITH BRYAN CAVE, ILLINOIS
CHICAGO, ILLINOIS

DANIEL C. SCHWARTZ
PARTNER
DIRECT DIAL NUMBER
(202) 508-6025

February 5, 2002

The Honorable Donald S. Clark
Secretary
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Re: Request for Advisory Opinion

Dear Secretary Clark:

U.S. Smokeless Tobacco Company ("USSTC"), a subsidiary of UST Inc. ("UST"), requests that the Commission, pursuant to section 1.1 of its Rules of Practice, issue an advisory opinion regarding the acceptability of communicating in advertising that smokeless tobacco products are considered to be a significantly reduced risk alternative as compared to cigarette smoking. Such action by the Commission would address an issue of significant public interest to adult tobacco consumers, USSTC, and other smokeless tobacco manufacturers.

For decades, the public health community in the United States has asserted that cigarette smoking is the most deadly epidemic of modern times. For almost as long, the message of the public health community to cigarette smokers has been monolithic: stop all use of tobacco.

"...it is USSTC's position that smokeless tobacco has not been shown to be a cause of any human disease."



Ariva Cigaretts (Star)



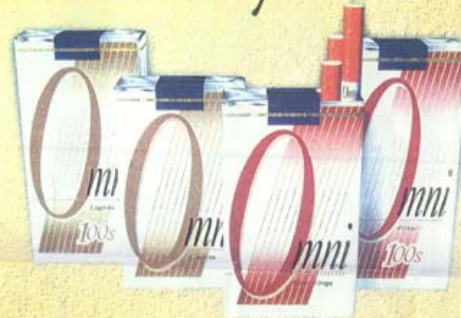
Omni (Vector)

Reductions in carcinogens are in comparison to similar competitive brand styles.

WARNING: Smoking is addictive and dangerous to your health. Reductions in carcinogens (PAHs, nitrosamines, and catechols) have NOT been proven to result in a safer cigarette. This product produces tar, carbon monoxide, and other harmful by-products.

The fact is, there are
over 140 brands of cigarettes.

Now, only 1 can offer
smokers a very real choice.



Introducing Omni from Vector Tobacco.

The first premium cigarette created to significantly reduce carcinogenic PAHs, nitrosamines, and catechols, which are the major causes of lung cancer in smokers.

Omni. Just the beginning of changing the way people think about tobacco.



VECTOR TOBACCO

For information on how to order Omni, call 1.877.415.4100

Discover the
difference.

A cigarette that
may present less
risk of cancer,
chronic bronchitis
and possibly
emphysema.*

* Eclipse is not perfect. For instance, we
do not claim that Eclipse presents smokers
with less risk of cardiovascular disease or
complications with pregnancy. As everyone
knows, all cigarettes present some health
risk, including Eclipse.

Offer and website restricted to smokers 21+.

* Eclipse is not perfect. For instance, we
do not claim that Eclipse presents smokers
with less risk of cardiovascular disease or
complications with pregnancy. As everyone
knows, all cigarettes present some health
risk, including Eclipse.

eclipse

No lingering odor. 80% less secondhand smoke.
The difference is worth discovering.

eclipse.rjrt.com

Log on to find retailers near you and get a special introductory offer.

SURGEON GENERAL'S WARNING: Cigarette
Smoke Contains Carbon Monoxide.

BOX, MENTHOL BOX: 4 mg. "tar", 0.1 mg. nicotine
av. per cigarette by FTC method, as modified by RJRT
to accommodate the unique design of Eclipse.
For more product information, visit www.rjrt.com.

BOX, MENTHOL BOX: 4 mg. "tar", 0.1 mg. nicotine
av. per cigarette by FTC method, as modified by RJRT
to accommodate the unique design of Eclipse.
For more product information, visit www.rjrt.com.

But Where's the Harm?

- Absent regulation, no way whatsoever to know if actually less harmful or to what degree
- Claims mislead consumers
- Keep people from quitting who otherwise would --lights and low tars all over again
- Enable maintenance of addiction --
undermine impact of smokefree ordinances
- Attract new smokers who now see it as less harmful

**And There Is One
More Truth....**

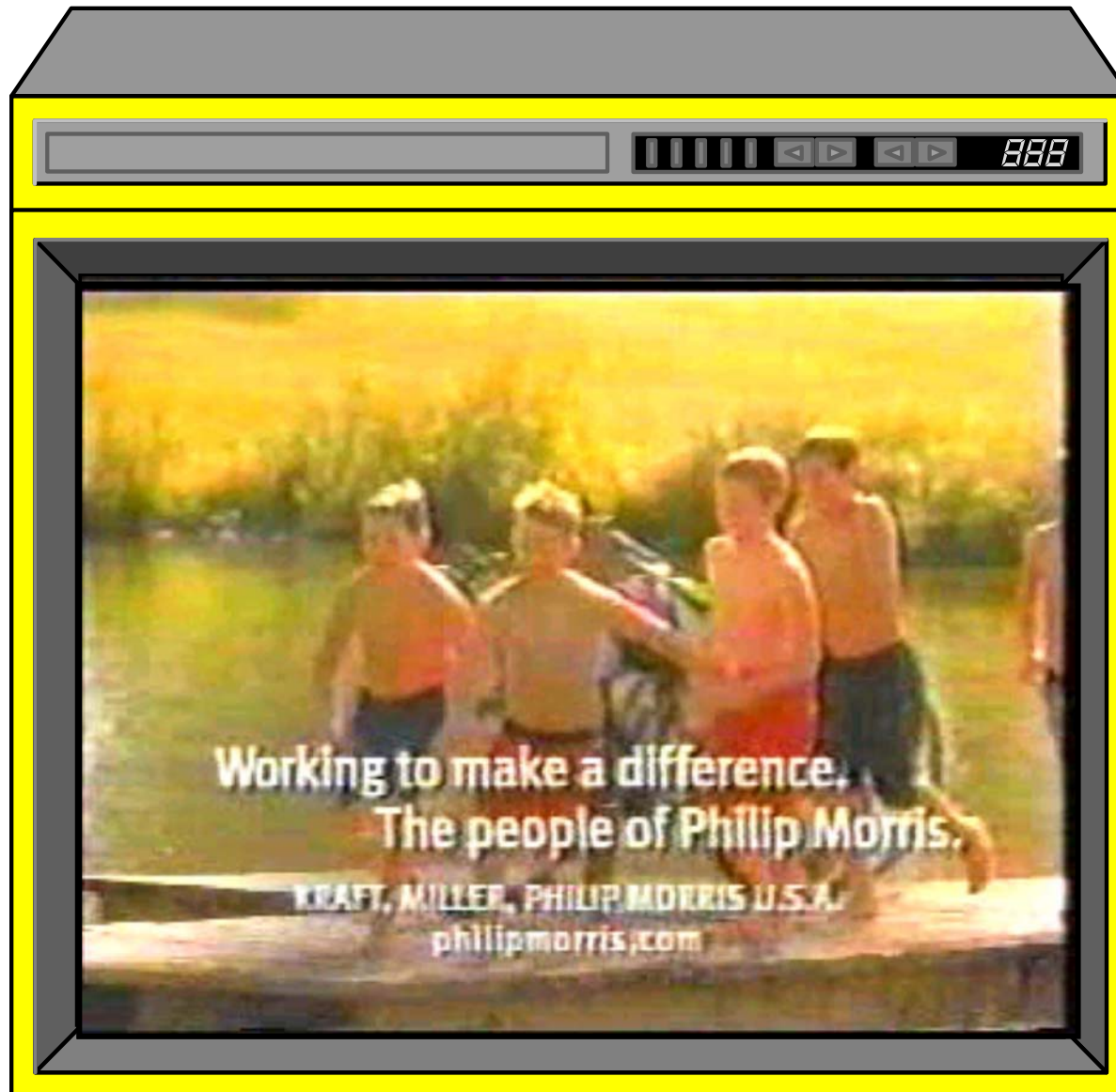
The Truth

PR to Avoid Change

In 2000, Philip Morris spent more than
\$150 million on ads to publicize \$115
million in philanthropy

Source: ABC News - February 8, 2001

The Truth

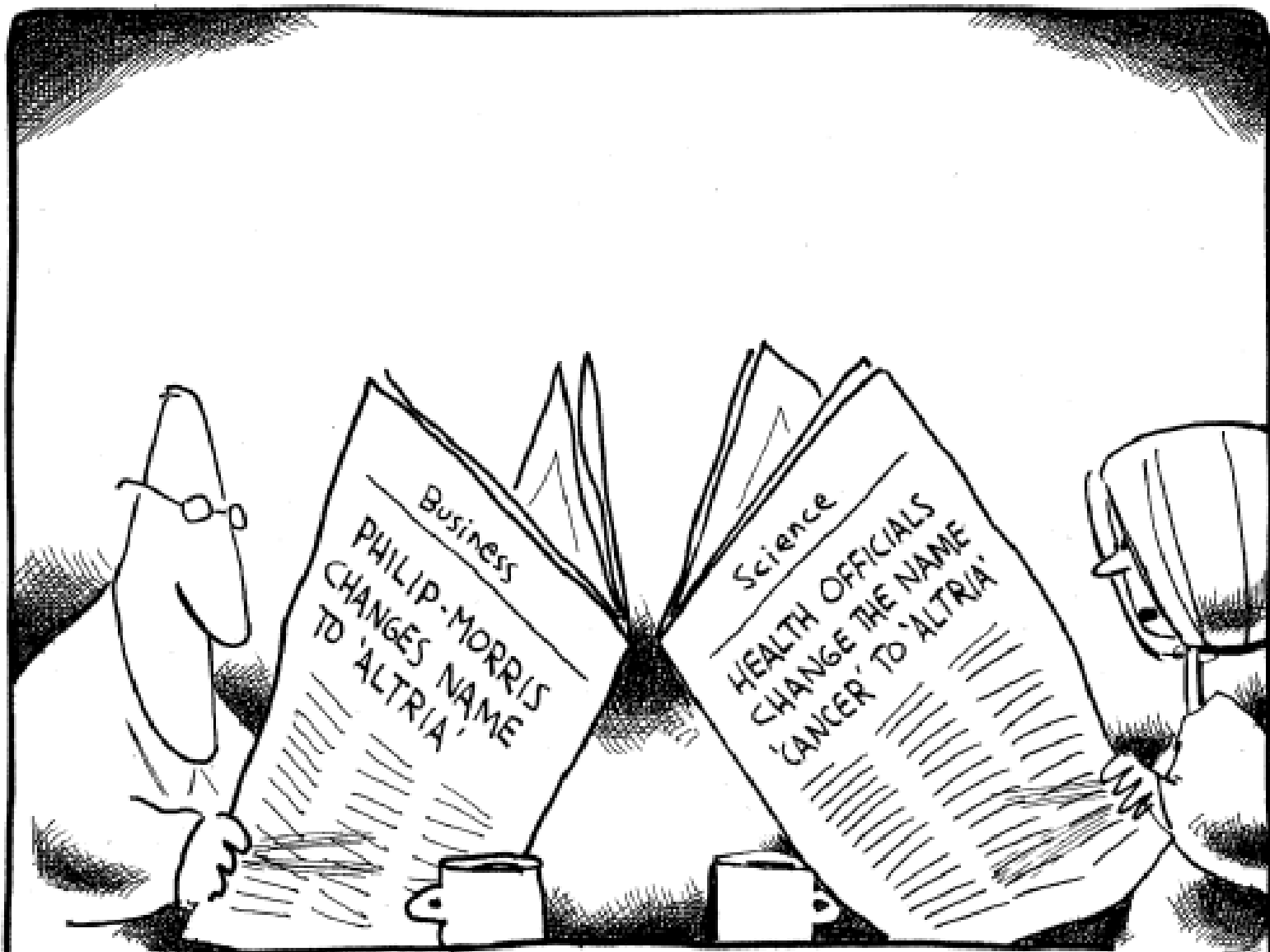


Why change names?

2) Brand Everything With a Corporate Name/Name Change (I.E. PM Kraft)

Rationale: **masking the negatives** associated with the tobacco business^{r.}

PM 2023465153/5222



TULS

UNIVERSAL PRESS SYND.
11 ©2001 THE BUFFALO NEWS

WE HAVE A
TRADEMARK
ON 'ALTRIA'.



THE
DISEASE?



**WE HAVE
PROVEN
STRATEGIES
AND MUST USE
THEM**

Tobacco Excise Tax Increases

- **A 10% increase in the excise tax will result in:**
 - Nearly 7% decline in youth prevalence
 - 2% decline in adult prevalence
 - 4% decline in overall consumption
- Taxes are most effective with kids, lower SES populations and pregnant women

Tobacco Excise Tax Increases

**WA was a leader with I-773 campaign -
passed excise tax in January, 2002**

Since that time.....

**31 more states, DC, Puerto Rico, and Guam
have implemented or passed tax increases**

- 15 states with excise taxes \$1 or higher;
State average is now 73.5 cents**

Clean Indoor Air Laws

- Protect everyone from secondhand smoke
- Prompt more smokers to try to quit
- Increase the number of successful quit attempts
- Discourage young adults from starting

Clean Indoor Air Laws

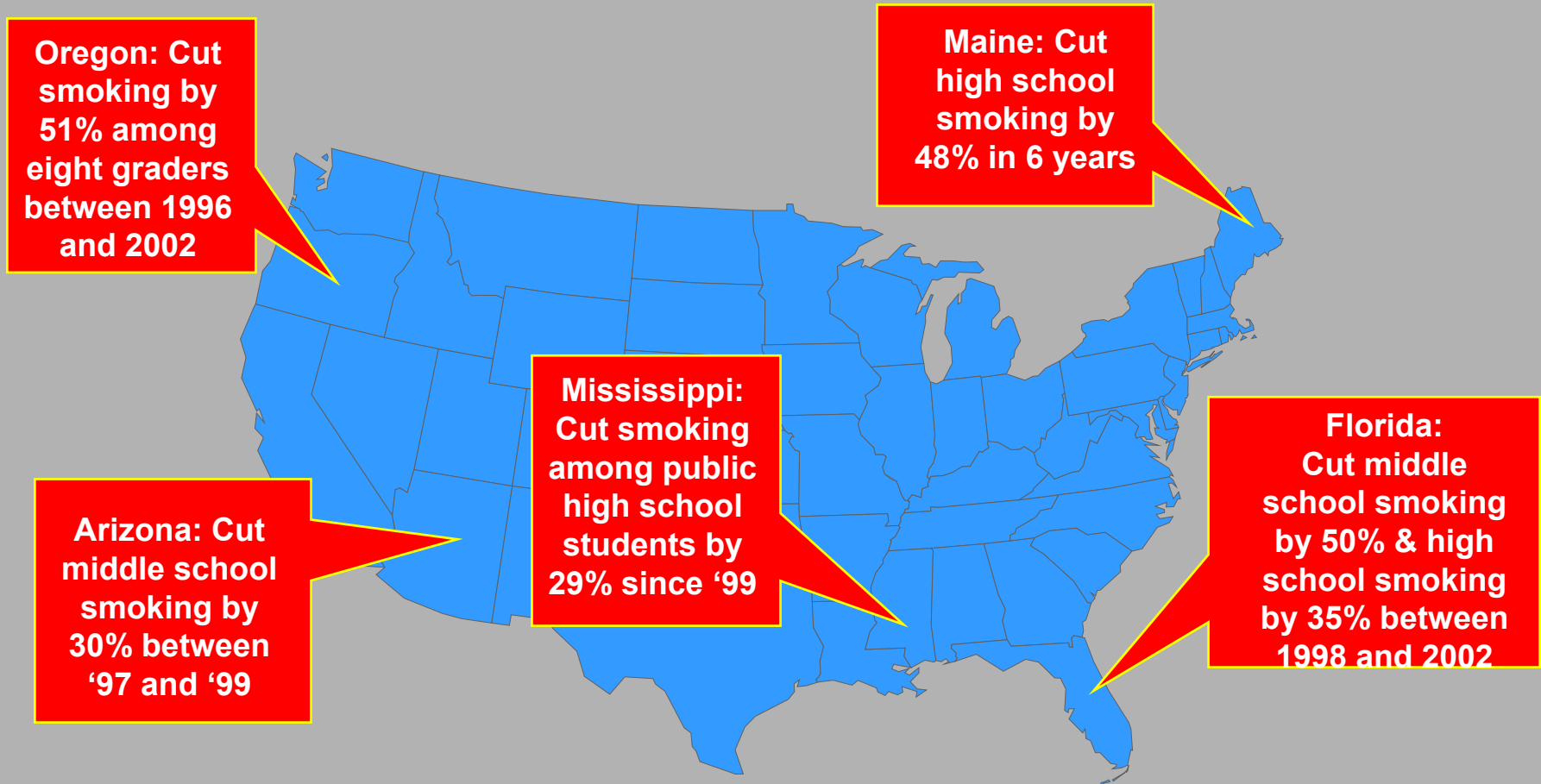
- The percentage of the population covered under Clean Indoor Air laws more than doubled in past 18 months: Nearly 30% of US population now covered.
- New laws in Delaware, New York State, Maine, Connecticut, Florida, Idaho, Boston, El Paso, and Dallas

Tobacco Prevention and Cessation Programs

- Reduce youth smoking
- Help adults quit
- Reduce tobacco-related morbidity and mortality
- Reduce smoking-caused health costs

Comprehensive Programs Work

Reduce Smoking



Health Insurance Coverage for Cessation Services

- It's a smart investment - all insurance products should include coverage for cessation treatment
- Medicaid coverage important - 36% of Medicaid recipients smoke and 15-20% of Medicaid expenditures are spent on smoking-related illnesses; WA only covers counseling for pregnant women on Medicaid
- WA Basic Health Plan
- Need to reach out to the private employers

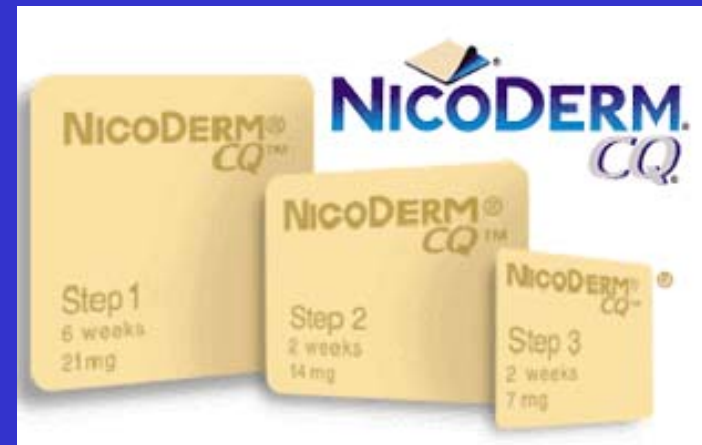
FDA REGULATION

Tobacco products held to regulatory standards comparable to those for other consumable products

- Restrict advertising and other marketing that appeals to kids
- Crack down on illegal sales of tobacco products to children
- Require disclosure of the ingredients and additives in tobacco products
- Require changes in tobacco products to reduce harm such as the elimination or reduction of harmful additives when technologically feasible
- Require more visible and more informative warning labels
- Prohibit or restrict harmful or deceptive health claims, such as “light” and “low-tar” which have been proven to have no reduced health risks
- Allow FDA to look at public health impact of advertising claims

Other Products That Contain Nicotine Are Subject To FDA Regulation

- Rigorous review for safety and efficacy
- Rigorous marketing standards





FDA-
Approved
NRT

Not FDA-
Approved

CVS,
Washington,
DC, Spring
2002

**WE MUST
SUSTAIN OUR
SUCCESSSES
AND ACHIEVE
NEW ONES**

- More states are funding tobacco prevention programs than ever before:
 - 10 Years ago **1 state** had a comprehensive tobacco program
 - 6 years ago **3 states** had comprehensive tobacco control programs;
 - 2 years ago, **19 states** spent more than 50% of the minimum recommended by the CDC.
- 20 states increased funding for tobacco prevention in FY2003

UNDER ATTACK

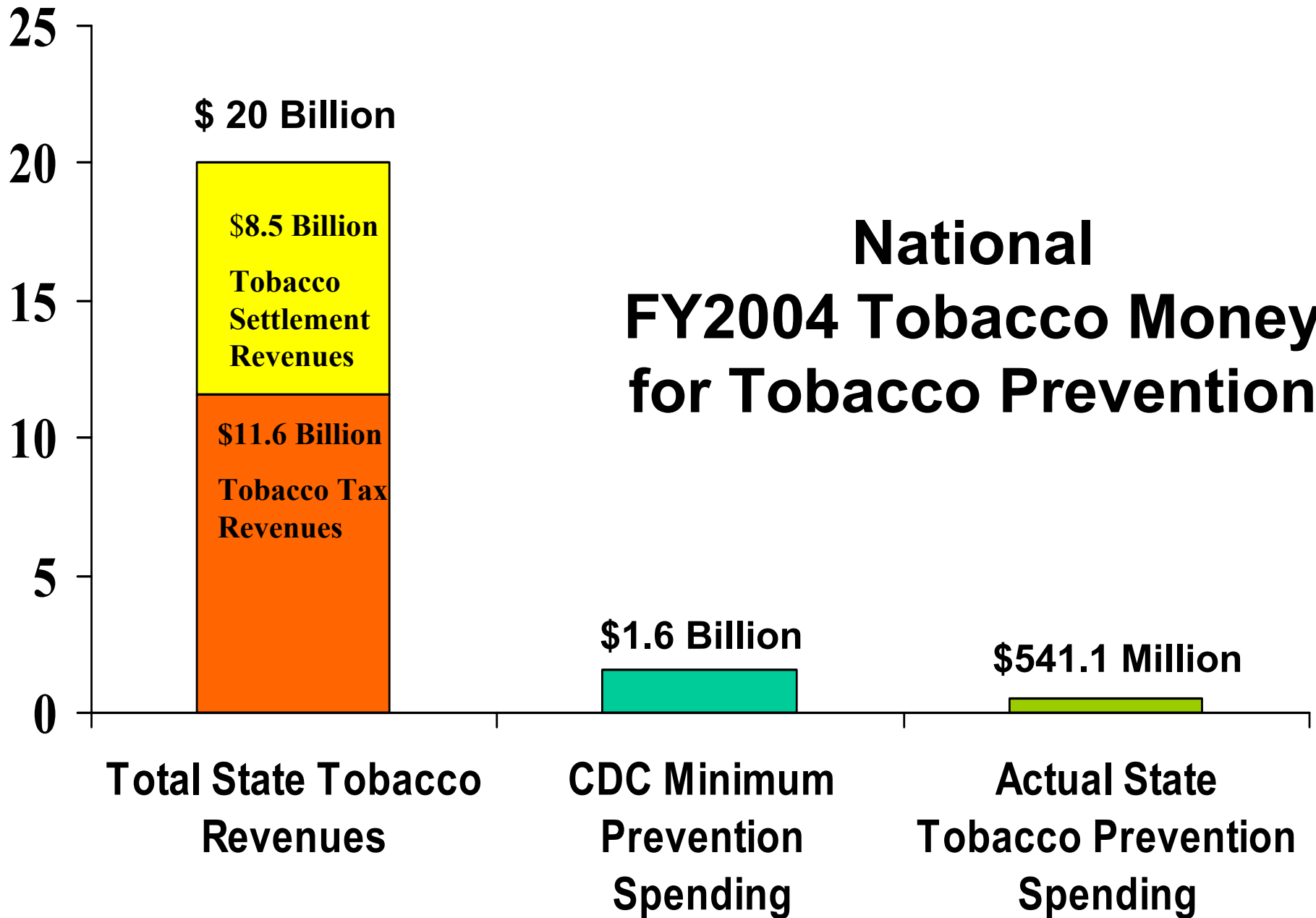
- 15 states cut almost \$200 million from tobacco prevention in FY '03 including our model programs:
 - MA: From \$48 million to \$4.8
 - OR: From \$11.1 million to \$0
 - CA: From \$134.5 million to \$88 million
 - AZ: From \$36.6 million to \$18.3 million

UNDER ATTACK

Deep cuts continue in '04

	FY2003	FY2004
Colorado	\$15	\$3.8
Indiana	\$32.5	\$10.8
Maryland	\$30	\$18
Massachusetts	\$4.8	\$2.14
Florida	\$37.0	\$1.0
Nebraska	\$7.0	\$405K
Vermont	\$5.2	\$4.5
New Jersey	\$30	\$10

National FY2004 Tobacco Money for Tobacco Prevention



More states are considering tax increases than ever before:

Virginia	35 cents
Michigan	50 cents
Rhode Island	75 cents
Mississippi	50 cents
Alaska	\$1
Kentucky	26 cents
New Jersey	45 cents
Iowa	60 cents
Oklahoma	52 cents

More states are considering strong
smoke-free workplace laws than ever
before:

Massachusetts

Rhode Island

Georgia

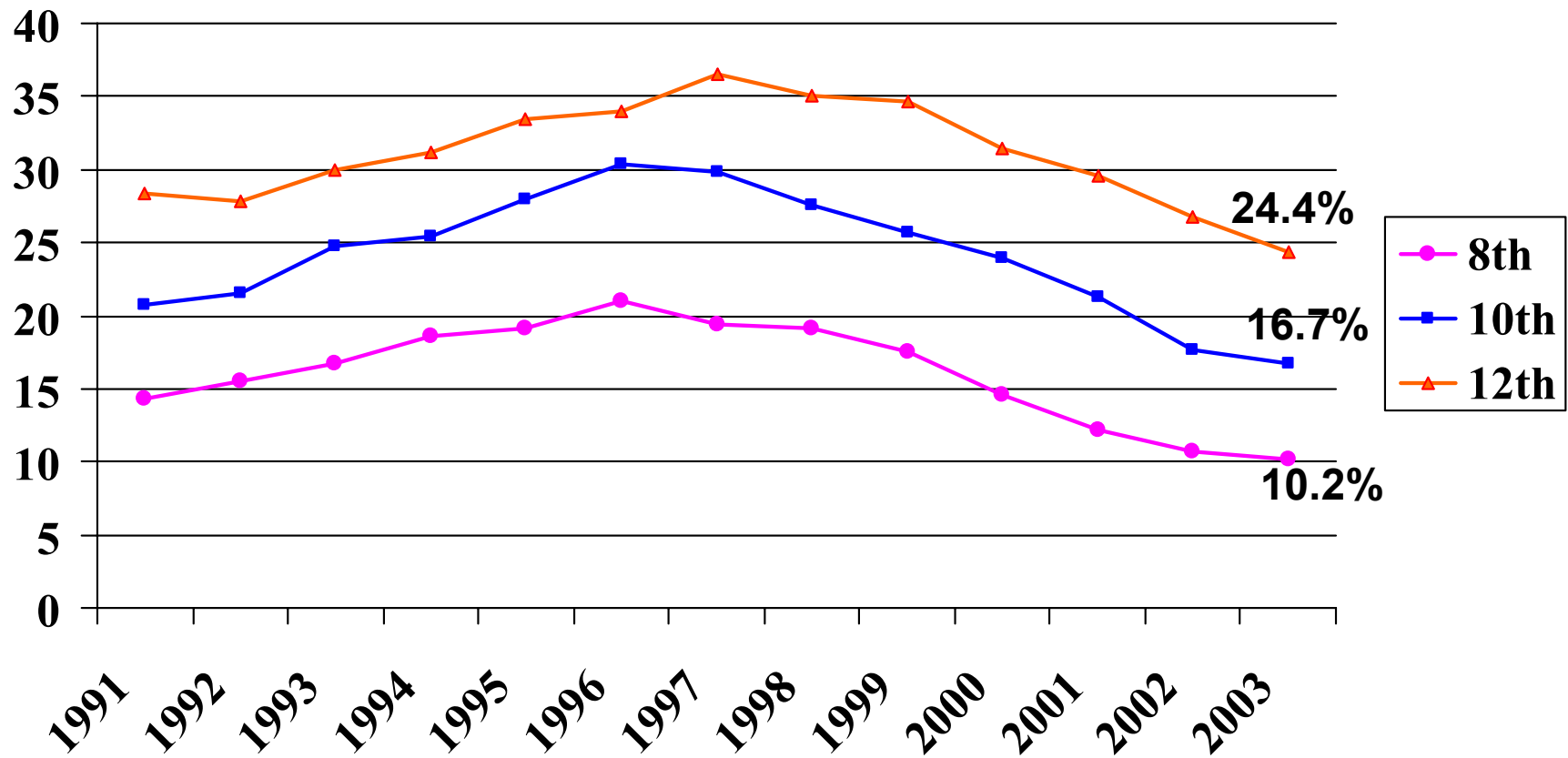
Nevada

Minnesota

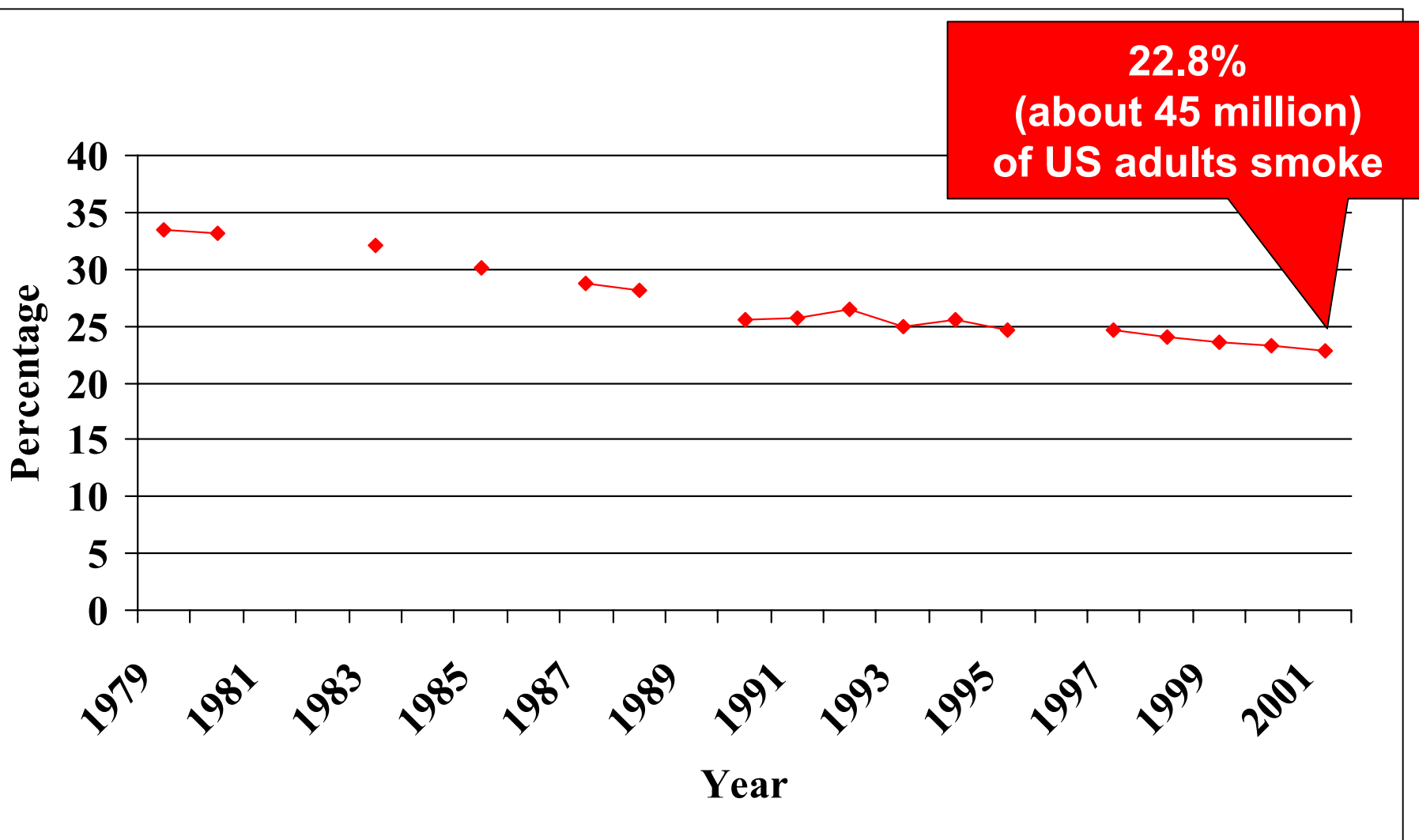
Washington, D.C.

- Good FDA bills have been introduced in both houses of Congress
- Optimism for Internet Legislation
- A strong FCTC
- DOJ, Miles, etc. keep pressure on
- A grassroots movement is building as more and more people work in tobacco control than ever

Current Smoking Among 8th, 10th, and 12th Graders, 1991-2002 -- Monitoring the Future Survey



Current Smoking Among Adults, 1978-2001 National Health Interview Survey



**CAN WASHINGTON
SUSTAIN
ITS SUCCESSES
AND ACHIEVE
NEW ONES?**

THE REAL PROBLEM

- Not an evidence problem
- Not really a revenue problem
- **It's a political problem**

Achieving Success With Prevention and Cessation

- Must maintain current funding for tobacco prevention and control and increase it
- Constantly educate local and tribal communities about your work and its results
- Constantly educate elected officials about your work and its results
- Make sure the media understand your goals, activities, and accomplishments
- Must regularly meet with advocates so they can help tell your story

Achieving Success With Clean Indoor Air

- Fend off bad legislation -
Congratulations!
- Mobilize grassroots like never
before
- Work with strong legislative
champions of CIA
- Strategic patience
- The question is When, not If

**Our Policies and
Programs
Are Proven to Work**

**We Must Translate Them
into ACTION**